

Registered number: 08764925

---

**LONDON LEASEHOLD PROPERTIES LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



---

**LONDON LEASEHOLD PROPERTIES LIMITED**

---

**CONTENTS**

---

	Page
<b>Directors' Report</b>	<b>1 - 3</b>
<b>Directors' Responsibilities Statement</b>	<b>4</b>
<b>Independent Auditor's Report</b>	<b>5 - 8</b>
<b>Income Statement</b>	<b>9</b>
<b>Balance Sheet</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12 - 25</b>

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

---

#### **INTRODUCTION**

The directors present their Annual Report on the affairs of London Leasehold Properties Limited (the 'Company') together with the financial statements for the year ended 31 December 2020.

#### **BUSINESS REVIEW**

The principal activity of the Company during the period was the investment in real estate property in the United Kingdom. The Company is a subsidiary of Grosvenor Limited (together with its subsidiaries the 'Group').

The Company is in a net liabilities position of £9,180,712 (2019: £8,081,146) and made a loss of £1,099,566 (2019: £211,383) as at 31 December 2020. It has net current liabilities of £22,721,036 (2019: £22,773,193).

During 2020 the Company's performance was significantly impacted by the public health crisis triggered by the spread of Covid-19. Despite the Company proactively supporting many of its most impacted tenants through providing rental concessions, occupation rates have fallen and arrears have increased. It is anticipated that these challenging market conditions will continue for at least part of 2021, subject to a full roll-out of an effective vaccine. The Company will continue to mitigate its exposure through supporting its tenants and communities to support the delivery of its long-term commercial and social goals.

#### **GOING CONCERN**

The intermediate holding company, Grosvenor Limited, has provided the directors of the Company with a letter of support confirming that it intends to support the Company for a period of not less than twelve months from the date of signing the accounts, provided that the Company remains a wholly owned subsidiary of Grosvenor Limited. Grosvenor Limited intends to enable it to meet its liabilities as they fall due.

The Company is continuing to monitor developments associated with the Covid-19 virus and the associated near-term uncertainty for the global economy to understand the ongoing impact for the underlying property business and its tenants. Similarly, the Group continues to plan for all reasonable eventualities following the United Kingdom's exit from the European Union.

These factors have also formed part of the Group-level assessment of the Group's cash flow forecasts for the period ending 31 December 2022. In particular these forecasts consider the impact of Brexit and Covid-19 on the Group's rental income and stressed assumptions on the availability of finance and property valuations. Having considered the economic factors outlined above, and on the basis of the Group's continued forecast liquidity and ongoing support for the Company, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.

The Company is incorporated in the United Kingdom and its registered office is 70 Grosvenor Street, London, W1K 3JP.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £1,099,566 (2019 - £211,383).

The directors did not recommend or pay a dividend in the year under review (2019: £nil).

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

---

#### **DIRECTORS**

The directors who served during the year and subsequently, except as noted, were:

C McWilliam (resigned 10 January 2020)  
C A Henderson (appointed 1 July 2020)  
S F Ball (appointed 16 December 2020)  
P M Townley (appointed 1 September 2020)  
J G Raynor (resigned 30 June 2020)  
K J Bailey (resigned 31 August 2020)  
J E Mendonca (appointed 1 July 2020, resigned 26 October 2020)  
R F C Blundell (resigned 30 June 2020)  
A M Bright (resigned 22 October 2020)

#### **FUTURE DEVELOPMENTS**

As outlined on page 1 the Company continues to monitor the potential operational and financial impacts of the Covid-19 pandemic and Brexit.

Any related decrease in profitability over the next 12 months is not expected to impact the long term strategy of the Company.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with s418 of the Companies Act 2006.

#### **POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since 31 December 2020.

#### **AUDITOR**

Deloitte LLP has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly.

#### **SMALL COMPANIES NOTE**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

---

**LONDON LEASEHOLD PROPERTIES LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

This report was approved by the Board on 25 March 2021 and signed on its behalf.

*Derek Lewis*

**D J Lewis**  
Company Secretary

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON LEASEHOLD PROPERTIES LIMITED**

---

#### **OPINION**

In our opinion the financial statements of London Leasehold Properties Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **CONCLUSIONS RELATING TO GOING CONCERN**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **OTHER INFORMATION**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and,

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON LEASEHOLD PROPERTIES LIMITED (CONTINUED)**

---

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

#### **EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and



---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON LEASEHOLD PROPERTIES LIMITED (CONTINUED)**

---

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the validity of the data used by the external valuers in their estimation of the fair value of the investment property. To address this fraud risk, we obtained and documented an understanding of relevant controls in the valuation process and in particular, the information provided to the valuers. We tested the completeness and accuracy of a sample of the data provided to the external valuers through agreeing a sample of the information provided to the external valuers to underlying lease agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON LEASEHOLD PROPERTIES LIMITED (CONTINUED)**

---

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

##### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

##### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

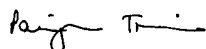
Under the Companies Act 2006 we are required to report in respect of the following matters, if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report.

We have nothing to report in respect of these matters.

##### **USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Parizan Trewin FCA (Senior statutory auditor)

for and on behalf of  
**Deloitte LLP**

Statutory Auditor

London  
United Kingdom

25 March 2021

**LONDON LEASEHOLD PROPERTIES LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	154,116	202,601
Cost of sales		<u>(96,499)</u>	<u>(52,407)</u>
<b>Gross profit</b>		<b>57,617</b>	<b>150,194</b>
Administrative expenses		1,291	(1,084)
Loss on revaluation of investment property	8	(1,690,350)	(434,543)
Expected credit (loss) / reversal on trade and other receivables, including contract assets	5	<u>(26,401)</u>	<u>960</u>
<b>Operating loss</b>	5	<b>(1,657,843)</b>	<b>(284,473)</b>
Interest receivable and similar income		<u>-</u>	<u>1</u>
<b>Loss before tax</b>		<b>(1,657,843)</b>	<b>(284,472)</b>
Tax on loss	7	<u>558,277</u>	<u>73,089</u>
<b>Loss for the year</b>		<b><u>(1,099,566)</u></b>	<b><u>(211,383)</u></b>

There were no recognised gains and losses, or items of other comprehensive income for 2020 or 2019 other than those included in the income statement and as a result no statement of comprehensive income has been presented.

The notes on pages 12 to 25 form part of these financial statements.

All activities in the current year and prior year are derived from continuing operations.

**LONDON LEASEHOLD PROPERTIES LIMITED**  
**REGISTERED NUMBER: 08764925**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
Investment property	8	11,060,000	12,770,000
Debtors due after more than 1 year	9	2,480,324	1,922,047
		<u>13,540,324</u>	<u>14,692,047</u>
<b>Current assets</b>			
Debtors due within one year	9	96,266	155,390
Cash held on behalf of third parties	10	7,211	5,252
		<u>103,477</u>	<u>160,642</u>
Creditors: amounts falling due within one year	11	(22,824,513)	(22,933,835)
<b>Net current liabilities</b>		<u>(22,721,036)</u>	<u>(22,773,193)</u>
<b>Total assets less current liabilities</b>		<u>(9,180,712)</u>	<u>(8,081,146)</u>
<b>Net liabilities</b>		<u>(9,180,712)</u>	<u>(8,081,146)</u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Retained earnings	14	(9,180,713)	(8,081,147)
		<u>(9,180,712)</u>	<u>(8,081,146)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 March 2021.

*Steph Ball*  
 Steph Ball (Mar 25, 2021 17:02 GMT)

**S F Ball**  
 Director

The notes on pages 12 to 25 form part of these financial statements.

---

**LONDON LEASEHOLD PROPERTIES LIMITED**

---

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

	Called up share capital £	Retained earnings £	Total equity £
<b>At 1 January 2019</b>	<b>1</b>	<b>(7,869,764)</b>	<b>(7,869,763)</b>
Loss for the year	-	(211,383)	(211,383)
<b>At 1 January 2020</b>	<b>1</b>	<b>(8,081,147)</b>	<b>(8,081,146)</b>
Loss for the year	-	(1,099,566)	(1,099,566)
<b>At 31 December 2020</b>	<b>1</b>	<b>(9,180,713)</b>	<b>(9,180,712)</b>

The notes on pages 12 to 25 form part of these financial statements.

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

---

#### **1. GENERAL INFORMATION**

London Leasehold Properties Limited (the 'Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 25.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the Financial reporting standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The financial statements have been prepared under the historical cost basis, except for the revaluation of certain assets and liabilities that are restated at revalued amounts or for values at the end of each reporting period.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company is a wholly owned subsidiary of Grosvenor Limited, its ultimate parent undertaking, which is incorporated in Great Britain and registered in England and Wales and prepares consolidated financial statements. Consequently the Company is not required to prepare consolidated financial statements.

The following accounting policies have been applied:

---

## LONDON LEASEHOLD PROPERTIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of Grosvenor Limited. The group accounts of Grosvenor Limited are available to the public and can be obtained as set out in note 16.

### 2.3 GOING CONCERN

The Director's Report on page 1 describes the going concern basis of preparation of financial statements.

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

---

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.4 TURNOVER**

The turnover shown in the Income Statement represents rents and fees, excluding VAT.

Rental income from operating leases is recognised on a straight line basis over the lease term, even if the payments are not received on such a basis. The cost of operating lease incentives are similarly spread, in accordance with IFRS 16, on a straight line basis over the lease term.

Turnover and loss before tax are attributable to the one principal activity of the Company and arise entirely in the United Kingdom.

### **2.5 OPERATING LEASES: THE COMPANY AS LESSOR**

Rental income from operating leases is credited to the Income Statement on a straight-line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income on a straight-line basis over the length of the lease.

Premiums received and book values derecognised on the sale of operating leases are deferred to the Balance Sheet and released to the Income Statement on a straight-line basis over the length of the lease.

### **2.6 INVESTMENT PROPERTY**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

When the Company begins to redevelop an existing investment property for continued future use as investment property, the property continues to be classified as an investment property and is carried at fair value with valuation gains and losses being recorded in the income statement.

Profits and losses on the disposal of investment properties are recognised on completion and are calculated by reference to book value and are included in the Income Statement.

### **2.7 DEBTORS**

Trade receivables, loans, contract assets and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for indicators of impairment at each balance sheet date.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

---

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.8 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **2.9 FINANCIAL INSTRUMENTS**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

#### **Financial assets**

The Company classifies all of its financial assets as loans and receivables.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

#### **Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

#### **At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

---

## **LONDON LEASEHOLD PROPERTIES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

---

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.10 CREDITORS**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **2.11 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

---

## LONDON LEASEHOLD PROPERTIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 3. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

##### 3.1 Critical judgements in applying the Company's accounting policies

The following are critical judgements, apart from those involving estimations (which are dealt with separately below) that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

###### *(i) Leases*

The accounting treatment for a lease is determined by its classification as either an operating lease or a finance lease. Lease classification requires judgement in determining whether substantially all of the risks and benefits associated with ownership have been transferred between the lessor and lessee.

When operating lease premiums are received in exchange for the grant of a long leasehold interest that is classified as an operating lease, the related profit is recognised over the term of the lease. Many of the transactions giving rise to deferred lease premiums took place a number of years ago before the requirement to spread profit recognition; the Company applies judgement to estimate certain of the lease premium deferrals and associated deferred tax assets.

##### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

###### *(i) Property valuations*

Due to the size of the investment property portfolio held on the balance sheet at market value small changes to the estimates used to derive the market values can have a significant impact on the valuations and therefore a significant impact on the results and financial position of the Company. This includes the value of property yields and the estimated future rental income assumed in the valuations.

As deferred tax is provided on investment properties by reference to the tax that would be due on the ultimate sale of the properties, changes to the estimates used to derive the market values would also have an impact on the deferred tax provided.

The sensitivity of the assumptions used in valuing the investment property portfolio are outlined in note 8.

The ongoing public health crisis triggered by the spread of Covid-19 has presented a challenging environment in which to value properties, with transactional evidence more limited than in previous years; the full impact of the pandemic on values is still unknown.

###### *(ii) Expected credit losses*

In accordance with IFRS 9, the Company is required to make a provision for expected credit losses on financial assets. The most material source of estimation uncertainty in this regard relates to the Company's trade receivables (typically arrears on rental income) and any debtors held in relation to lease incentives provided to tenants.

## LONDON LEASEHOLD PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 3. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

At the balance sheet date, the Company assesses the likelihood of recovery and recognises an expected credit loss to the extent that any of the balance is considered irrecoverable by applying a probability weighted percentage default rate to each receivable/debtor. For trade receivables, the principal consideration is the short-term liquidity of the counterparty, whereas for lease incentive debtors the estimate is driven by the directors consideration of the ability of the tenant to fulfil its obligations for the duration of the lease. These assessments are based on the counterparty's circumstances: the Company has receivables from counterparties operating in a diverse variety of sectors and the specific impacts of the wider economic uncertainty are considered in the Company's estimation of expected credit losses. Covid-19 has made this assessment more subjective due to the unprecedented challenges the pandemic has presented to our tenants' ability to meet their lease obligations.

As such there is significant uncertainty over the value of the associated expected credit losses as shown in the table below [1]:

Expected credit loss						
	Recorded on the Balance Sheet	Recorded on the Income Statement	10 percentage point increase in default rate - Balance Sheet	10 percentage point decrease in default rate - Balance Sheet	10 percentage point increase in default rate - Income Statement	10 percentage point decrease in default rate - Income Statement
Expected credit loss - trade receivables	36,083	4,762	4,758	(4,758)	893	(893)
Expected credit loss - lease incentive debtors	22,418	22,418	4,892	(4,892)	4,892	(4,892)

[1] Expected credit loss – trade receivables relates primarily to rental arrears as at 31 December 2020. The difference between the ECL recorded on the Balance Sheet and the ECL recorded on the Income Statement is principally that for any trade receivables that relate to 2021, the associated ECL has been charged to deferred income.

Expected credit loss – lease incentive debtors are the expected credit losses on the amortised value of the lease incentive debtor.

---

**LONDON LEASEHOLD PROPERTIES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**4. TURNOVER**

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Gross rental income	154,116	202,601
	<u>154,116</u>	<u>202,601</u>

All turnover arose within the United Kingdom.

**5. OPERATING LOSS**

The operating loss is stated after:

	2020 £	2019 £
Loss on revaluation of investment property	1,690,350	434,543
Expected credit loss/(gain) on trade and other receivables, including contract assets	<u>26,401</u>	<u>(960)</u>

**6. AUDITOR'S REMUNERATION**

	2020 £	2019 £
Fees for audit services	<u>3,100</u>	<u>2,577</u>

The audit fee is borne by Grosvenor Estate Management Limited, a fellow subsidiary undertaking.

No fees were payable to Deloitte LLP and its associates for non-audit services to the Company during the current or preceding year.

# LONDON LEASEHOLD PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 7. TAXATION

The total current tax for the year is £nil (2019: £nil).

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	(323,938)	(81,332)
Changes to tax rates	(234,682)	8,561
Adjustment for prior years	343	(318)
<b>Total deferred tax</b>	<u>(558,277)</u>	<u>(73,089)</u>
<b>Tax on loss</b>	<u>(558,277)</u>	<u>(73,089)</u>

### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss before tax	(1,657,843)	(284,472)
Loss multiplied by standard rate of corporation tax in the UK	(314,990)	(54,050)
<b>Effects of:</b>		
Effect of tax rate change on deferred tax	(234,682)	8,561
Adjustment in respect of prior years	343	(318)
Group relief received for no consideration	(8,948)	(27,282)
<b>Total tax credit for the year</b>	<u>(558,277)</u>	<u>(73,089)</u>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A current tax rate of 19%, being the UK corporation tax rate throughout the period, has been applied to the year ended 31 December 2020.

The scheduled reduction in Corporation Tax from 19% to 17% from 1 April 2020 was revoked in the Budget on 11 March 2020 and substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 remains at 19%. A deferred tax rate of 19% has therefore been applied to opening balances and movements in deferred tax in the year ended 31 December 2020.

The UK Budget on 3 March 2021 announced an increase in the UK corporation tax rate from 19% to 25% from 1 April 2023. This change was not substantively enacted at the balance sheet date and therefore has not been reflected in the measurement of deferred tax balances at the period end. Once enacted this change would increase the net deferred tax asset by £806,341.

---

## LONDON LEASEHOLD PROPERTIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 8. INVESTMENT PROPERTY

	Long term leasehold investment property £
<b>Valuation</b>	
At 1 January 2020	12,770,000
Loss on revaluation of investment property	(1,690,350)
Amortisation of deferred lease incentives and premiums	(19,650)
<b>At 31 December 2020</b>	<b>11,060,000</b>

The majority of investment properties that are leased out under operating leases have leases in the range of between 6 months and 5 years in length.

Investment property was independently valued at 31 December 2020 by Cushman & Wakefield. The valuation was performed on a fair value basis in accordance with the Royal Institution of Chartered Surveyors' Valuation - Professional Standards guidelines and performed in accordance with International Valuation Standards..

The historical cost of properties was £23,752,420 (2019: £23,752,420).

The amounts recognised in profit or loss for the year for rental income from investment property is £154,116 (2019: £202,601) and direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period are £96,499 (2019: £51,457).

At 31 December 2020 there were no contractual obligations in place to purchase, construct or development investment property or for repairs, maintenance or enhancements (2019: none).

At 31 December 2020 investment properties with a carrying amount of £nil (2019: £nil) were pledged as security for borrowings.

At 31 December 2020 the Company had investment properties with a fair value of £nil (2019: £nil) under offer from third parties.

**LONDON LEASEHOLD PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. INVESTMENT PROPERTY (CONTINUED)**

The following table shows the impact (in isolation) of changes in key unobservable inputs on the fair values of investment property recognised in the balance sheet by class of asset:

Class of property	Market Value at 31/12/20 £'000	Impact on valuations		Impact on valuations	
		+5% ERV £'000	-5% ERV £'000	+25bps NEY £'000	-25bps NEY £'000
Retail	5,750	264	(262)	(364)	413
Residential	5,310	265	(265)	0	0
<b>Total</b>	<b>11,060</b>	<b>529</b>	<b>(527)</b>	<b>(364)</b>	<b>413</b>

**9. DEBTORS**

	2020 £	2019 £
<b>Due after more than one year</b>		
Deferred tax asset (note 13)	2,480,324	1,922,047
	<u>2,480,324</u>	<u>1,922,047</u>
	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	49,209	3,985
Expected credit loss provision	(36,083)	-
Other debtors	9,248	10
Prepayments and accrued income	803	78,306
Deferred tax asset (note 13)	73,089	73,089
	<u>96,266</u>	<u>155,390</u>



---

**LONDON LEASEHOLD PROPERTIES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**10. CASH HELD ON BEHALF OF THIRD PARTIES**

	2020 £	2019 £
Restricted cash held on behalf of third parties	7,211	5,252
	<u>7,211</u>	<u>5,252</u>

Restricted cash held on behalf of third parties includes funds held in relation to service charges, sinking fund accounts and tenant deposits.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade creditors	-	887
Amounts owed to group undertakings	22,801,697	22,886,443
Other creditors	12,837	7,200
Accruals and deferred income	9,979	39,305
	<u>22,824,513</u>	<u>22,933,835</u>

There are no interest bearing amounts owed to group undertakings at 31 December 2020 (2019: £nil). Amounts owed to group undertakings are repayable on demand.

**12. AMOUNTS RECEIVABLE UNDER OPERATING LEASE COMMITMENTS**

At 31 December 2020 the Company had amounts receivable under non cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	182,119	174,500
Later than 1 year and not later than 2 years	95,863	171,451
Later than 2 years and not later than 3 years	23,722	87,889
Later than 3 years and not later than 4 years	20,947	23,113
Later than 4 years and not later than 5 years	20,947	20,947
Later than 5 years	55,344	76,291
	<u>398,942</u>	<u>554,191</u>

# LONDON LEASEHOLD PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 13. DEFERRED TAXATION

	Deferred tax £
At 1 January 2020	1,995,136
Charged to the income statement	558,277
<b>At 31 December 2020</b>	<b>2,553,413</b>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Investment property - contingent gains	2,565,207	2,004,485
Other property plant and equipment	(11,794)	(9,349)
	<b>2,553,413</b>	<b>1,995,136</b>

### 14. RESERVES

#### Called up share capital

The balance classified as called up share capital includes the total net proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

#### Non-distributable reserves

The reserve contains the balance of retained earnings to carry forward which are not available for distribution.

#### Distributable reserves

The reserve contains the balance of retained earnings to carry forward, being accumulated realised profits.

The split of retained earnings between non-distributable and distributable reserves are detailed below:

	Non- distributable £	Distributable £	Total £
At 1 January 2020	(8,987,827)	906,680	(8,081,147)
Loss for the year	(1,132,073)	32,507	(1,099,566)
<b>At 31 December 2020</b>	<b>(10,119,900)</b>	<b>939,187</b>	<b>(9,180,713)</b>

---

## LONDON LEASEHOLD PROPERTIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 15. CALLED UP SHARE CAPITAL

	2020 £	2019 £
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
1 (2019 - 1) Ordinary share of £1	1	1

The Company's shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

#### 16. CONTROLLING PARTY

The Company's ultimate parent undertaking is Grosvenor Group Limited, a company incorporated in the United Kingdom and registered in England and Wales which is wholly owned by trusts on behalf of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the Company is a member and for which group accounts are prepared. Grosvenor Limited, the intermediate holding company, heads the smallest group of undertakings of which the Company is a member and for which group accounts are prepared. London Leasehold Flats Limited is the immediate holding company.

Copies of the consolidated financial statements of Grosvenor Group Limited and Grosvenor Limited can be obtained from Companies House, 3 Crown Way, Maindy, Cardiff, CF14 3UZ.

The address of the registered office of Grosvenor Group Limited, London Leasehold Flats Limited and Grosvenor Limited is 70 Grosvenor Street, London, W1K 3JP.